

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

HKM ENTERPRISES, INC D/B/A ADAPTIVE  
LAUNCH SOLUTIONS,

Plaintiff,

v.

PARSONS GOVERNMENT SERVICES, INC.,  
A NEVADA CORPORATION AND  
PARSONS CORPORATION, AND  
DELAWARE CORPORATION,

Defendants.

Case No.: 2:23-cv-10592-MEMF-PD

**ORDER GRANTING IN PART MOTIONS  
TO DISMISS [ECF NOS. 24, 25]**

Before the Court are Motions to Dismiss filed by Defendants Parsons Government Services, Inc. and Parsons Corporation. *See* ECF Nos. 24, 25. For the reasons stated herein, the Court GRANTS IN PART each of the Motions to Dismiss.

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1 **I. Background**

2 **A. Factual Allegations<sup>1</sup>**

3 Plaintiff HKM Enterprises Inc d/b/a Adaptive Launch Solutions (“ALS”) is a business that  
4 provides satellite launch integration services. Compl. ¶ 2. Defendants Parsons Government Services,  
5 Inc. (“Parsons Government”) and Parsons Corporation (“Parsons,” or collectively with Parsons  
6 Government, “Defendants”) are businesses in similar and related industries. *Id.* ¶¶ 3, 4. Parsons  
7 Government is a subsidiary of Parsons. *See id.* ¶ 4. Parsons Government and Parsons share an office.  
8 *See id.* ¶ 21.

9 ALS began working with the U.S. Space Force<sup>2</sup> in 2016, as the U.S. Space Force was  
10 implementing a program that eventually became known as Launch Manifest System Integrator  
11 (“LMSI”). *See id.* ¶ 23. ALS was seeking a partner that ALS believed would assist ALS in winning  
12 an LMSI contract. *See id.* Defendants were not aware of the LMSI program at that time. *See id.* ¶ 24.  
13 In a June 2017 meeting, ALS met with a Parsons<sup>3</sup> employee Richard Waterman (“Waterman”) and  
14 discussed the possibility of ALS partnering with Defendants. *See id.* ¶ 25. In this meeting and follow  
15 up meeting, ALS and Defendants decided to pursue an LMSI contract together.

16 Defendants understood early on that their chance at an LMSI contract depended on  
17 partnering with ALS. *See id.* ¶ 27. In a January 2018 PowerPoint presentation regarding strategy,  
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20 <sup>1</sup> The facts stated herein are taken from the allegations in Plaintiff HKM Enterprises In, ECF No. 58  
21 (“Compl.”), unless otherwise indicated. For the purposes of this Motion, the Court treats these factual  
22 allegations as true, but at this stage of the litigation, the Court makes no finding on the truth of these  
allegations, and is therefore not—at this stage—finding that they are true.

23 <sup>2</sup> This work was initially with the U.S. Air Force, and the work transitioned to the U.S. Space Force after the  
latter’s creation in 2019. *See* Compl. ¶ 23. The Court will refer to this as the U.S. Space Force for simplicity.

24 <sup>3</sup> The Complaint alleges that Waterman is an employee of Parsons. *See id.* ¶ 6. Parsons asserts in its Reply  
25 that Waterman is actually an employee of Parsons Government and argues that Exhibit B to the Complaint  
shows as such, as Exhibit B states that Waterman’s address is at Parsons Government. *See* ECF No. 33 at 5  
26 (“Mr. Waterman is an employee of PGS, as Exhibit B to the Complaint shows”); ECF No. 8 at 34 (“Buyer’s  
Program Manager for this Subcontract is Richard Waterman. The Program Manager’s contact information is  
as follows: . . . Email: Richard.Waterman@parsons.com . . . Address: Parsons Government Services, Inc.”).

27 Drawing all inferences in favor of ALS, Waterman’s address being at Parsons Government does not negate  
28 the possibility that he is a Parsons Employee. Thus, the Court will accept ALS’s allegation on this issue as  
true for the purposes of deciding the instant Motions.

1 Defendants stated that a partnership with ALS would give them “best-in-class” qualifications to win  
2 an LMSI contract. *See id.* ¶¶ 29, 30.

3 Parsons Government and ALS executed a “Teaming Agreement” in January 2018. *See id.* ¶¶  
4 30, 31; *see also* ECF No. 8 at 3–15. The Teaming Agreement stated that work would be divided  
5 based on each party’s competencies and relevant requirements, and recognized that there would be  
6 “potential variation in available work” between the parties. *See* Compl. ¶ 31. It further stated that  
7 “both Parties will play a material role in each MmSIC integration effort with both Parsons and ALS  
8 each performing a minimum of 30% of the effort organically over the life of the MmSIC contract  
9 execution.” *See id.* ¶ 32. The MmSIC program is now the LMSI program. *See id.* ALS relied on this  
10 portion of the Teaming Agreement, which it understood to be a promise that ALS would get 30% of  
11 workshare, and spent “countless man hours” assisting Defendants in winning an LMSI contract. *See*  
12 *id.* ¶ 33. Defendants were aware that ALS devoted significant time and effort to assisting  
13 Defendants. *See id.* ¶ 34. Defendants’ representatives continued throughout 2018 to inform ALS  
14 both orally and in writing that ALS would receive 30% of total workshare if the parties won an  
15 LMSI contract. *See id.* ¶ 36. Defendants made these statements because Defendants knew that ALS  
16 would not assist without such a promise. *See id.* ¶ 37.

17 In an October 2018 email, Waterman wrote that he needed to convince others that ALS could  
18 handle the 30% volume and that it was not a risk to Defendants to negotiate a 30% workshare. *See*  
19 *id.* ¶¶ 38, 39. Waterman also noted that ALS had “a fair amount invested in this over 2+ years.” *See*  
20 *id.* ¶ 40. Waterman sent another email in December 2018 with a table that included ALS’s name next  
21 to the words “30% labor workshare.” *See id.* ¶ 41. The email also noted that the hours would be  
22 “spread over most of the missions” and that the 30% workshare was the “aggregate value across the  
23 contract.” *See id.* ¶ 42.

24 Defendants won an LMSI contract (the “LMSI Contract”) in February 2017. *See id.* ¶ 43.  
25 Defendants represented in their proposals that they would be relying heavily on ALS’ intellectual  
26 property and other trade secret information to deliver if they won such a contract. *See id.* ¶ 35.  
27 Defendants would not have won this contract absent ALS’s assistance because Defendants lacked  
28

1 certain necessary technical know-how and intellectual property, and no other possible subcontract  
2 had the know-how and recourses of ALS. *See id.* ¶ 44.

3 After Defendants won the LMSI Contract, Defendants and ALS needed to negotiate their  
4 subcontractor agreement which would become an Indefinite Delivery, Indefinite Quantity (“IDIQ”)  
5 contract. *See id.* ¶ 45. But the work under the LMSI contract was set to begin while this IDIQ  
6 contract was being negotiated. *See id.* ¶ 46. Thus, the parties<sup>4</sup> executed a Letter Subcontractor  
7 Agreement, which delineated the parties’ obligations under the LMSI Contract until the IDIQ  
8 contract was finalized. *See id.* ¶ 47. Under the Letter Subcontractor Agreement, Defendants paid  
9 ALS \$40,000 to perform work under the LMSI Contract. *See id.* ¶ 48.

10 On July 1, 2019, the Parsons Government and ALS executed an IDIQ contract (the “IDIQ  
11 Contract”). *See id.* ¶ 49; *see also* ECF No. 8 at 17–137. The parties generally worked cooperatively  
12 under the IDIQ Contract from July 2019 until the first quarter of 2022, and this work led to four  
13 successful launches and the U.S. Space Force awarding additional missions to Defendants. *See id.* ¶  
14 50.

15 The IQIQ Contract contains the following paragraph under the header “Estimated Share of  
16 Work:”

17 It is the Parties intent that that the division of tasks or workshare on individual integration  
18 efforts will be determined based on each Party’s core competencies and individual  
19 requirements for each launch. It is expected that both Parties will play a material role in  
20 the overall manifesting for the LMSI Program. Therefore, in accordance with the  
21 agreement between the Parties as set forth in the Teaming Agreement and further agreed  
22 to herein, it’s Parson’s intent that ALS will receive a minimum of 30% of the effort  
23 organically over the life of the LMSI contract.

24 *See id.* ¶ 52. A previous draft of this contract had stated that ALS had a “minimum contract” amount  
25 of \$40,000, which was the amount ALS earned under the Letter Subcontractor Agreement, and ALS  
26 requested that this language be edited to make clear that ALS’s workshare was not limited in that  
27 way. *See id.* ¶¶ 55, 56. The IDIQ Contract also stated that “[Parsons Government] is not obligated to  
28 order any amount of work nor does [Parsons Government] guarantee [ALS] any amount of work

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<sup>4</sup> The complaint does not make clear whether the Letter Subcontractor Agreement was between ALS and Parsons Government or ALS and Parsons (or some combination thereof). *See id.* ¶ 47.

1 under this Subcontract, [Parsons Government's] intent is to award to [ALS] the workshare  
 2 percentage described in Section C-1 of this Subcontract." *See* ECF No. 8 at 20.<sup>5</sup> Section C-1 is the  
 3 section described in the paragraph above. *See* ECF No. 8 at 24.

4 The IDIQ Contract further states that it "shall be interpreted and enforced in accordance with  
 5 the law of US Federal Contracts, and where the law of US Federal Contracts is not applicable, the  
 6 law of the state of California will apply." *See* ECF No. 8 at 42, *see also* Compl. ¶ 59. It also contains  
 7 a clause stating:

8 This Subcontract, including Attachments, contains Federal Acquisition Regulation  
 9 ("FAR") and agency FAR supplemental clauses that are incorporated either (1) by  
 10 reference with the same force and effect as if set forth in full text; or (2) in full text. Unless  
 11 the context of the clause requires otherwise, the term "Contractor" means [ALS], the term  
 "Contract" means [the IDIQ Contract], and the terms "Government," "Contracting Officer,"  
 and equivalent phrases mean [Parsons Government] and [Parsons Government's] [IDIQ  
 Contract] Administrator . . . .

12 *See* ECF No. 48 at 8.

13 The IDIQ Contract also contains the following integration clause:

14 This Subcontract, together with all attachments hereto and all documents incorporated  
 15 herein by reference, and all written modifications hereto, constitutes the entire agreement  
 16 between Buyer and Seller with regard to the Services and Articles purchased hereunder.  
 17 There are no terms, conditions, or provisions, whether oral or written, between the parties  
 18 hereto, other than those herein contained. This Subcontract supersedes any and all other  
 oral or written representations, inducements, or understandings of any kind or nature  
 between the parties with regard to the items purchased hereunder.

19 *See* ECF No. 8 at 36; *see also* Compl. ¶ 53.

20 Under the IDIQ Contract, ALS granted Defendants a license to use ALS's intellectual  
 21 property "for the purpose of executing the LMSI prime contract." *See* Compl. ¶ 60. The IDIQ also  
 22 prohibited either party from disclosing each other's confidential or proprietary information to third  
 23 parties except for the purpose of performing under the IDIQ and with the other party's consent. *See*

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24  
 25 <sup>5</sup> The Court's understanding is that the IDIQ Contract is an exhibit to the Complaint, and so the Court will  
 26 refer to it directly in describing relevant facts. ALS filed their Complaint on December 18, 2023 (*see* Compl.)  
 27 and then filed "Exhibits A and B pertaining to the Complaint" three days later on December 21, 2023. *See*  
 28 ECF No. 8. The Teaming Agreement is Exhibit A and the IDIQ Contract is Exhibit B. *See id.* The Complaint  
 referenced these exhibits but did not include them in the first instance. *See, e.g.* Compl. ¶ 49 ("A copy of the  
 full executed IDIQ Contract is attached to this Complaint as Exhibit B."). The parties appear agree that these  
 documents should be construed as part of the original complaint.

1 *id.* ¶ 61. At the start of the relationship in 2018, ALS provided Defendants with a “Data Rights  
2 Assertion” document that asserted that ALS owned the following trade secrets: “(1) Aquila Deck (A-  
3 Deck) Adapter Designs and Specifications; (2) Aquila Standard Adapter Designs and Specifications;  
4 (3) 2.6M Dual-Manifest Adapter Fitting Design and Specifications; (4) Aquila Multi-manifest  
5 System Designs.” *See id.* ¶ 63. It also claimed ownership over the following patent: Auxiliary  
6 Payload Support Systems, Patent Number 8,608,114 (“the ‘114 Patent”). *See id.* ¶ 64. Defendants  
7 never disputed this ownership and represented to the U.S. Space Force in a proposal and a  
8 subsequent Flight Critical Items List (“FCIL”) that ALS was the owner of these five intellectual  
9 property items. *See id.* ¶¶ 65–67. Waterman approved this version of the FCIL. *See id.* ¶ 67.

10 In 2021, Defendants circulated a document at the National Space Symposium (“NSS”) that  
11 indicated that Defendants “had retired the development risks on the A-Deck,” which was untrue and  
12 suggested that Defendants owned ALS’s A-Deck intellectual property. *See id.* ¶¶ 68, 69. ALS  
13 management expressed concerns to Defendants after this incident. *See id.* ¶ 68.

14 In 2022, Defendants decided to change the FCIL (see above, a document submitted to the  
15 U.S. Space Force), which previously mentioned the ‘114 Patent and represented that this patent was  
16 owned by ALS, to instead mention a “sequencer” purportedly owned by Defendants in its place. *See*  
17 *id.* ¶¶ 70, 71. Parsons’s website now states that A-Deck and the ‘114 Patent, each of which are  
18 owned by ALS, are “Parsons Product[s].” *See id.* ¶ 73.

19 ALS and Defendants detected certain weaknesses in their system architecture for one project  
20 and worked from 2019 to 2021 to resolve this. *See id.* ¶¶ 74, 75. ALS invested substantial time to  
21 this effort, and developed its own Power Control Module (“PCM”) that solved the problem. *See id.* ¶  
22 75. The PCM was funded, conceived, designed, and tested in its entirety by ALS using ALS funds,  
23 and thus ALS’s view is that it is an ALS trade secret per the terms of the IDIQ Contract. *See id.* ¶ 76.  
24 ALS asserted its view that the PCM was an ALS trade secret in an updated Data Rights Assertion  
25 document sent to Defendants in 2021. *See id.* ¶ 78. Despite this, Defendants have been offering the  
26 PCM for sale since December 2021, and these sales are not limited to performance of the LMSI  
27 contract. *See id.* ¶ 79. Defendants represent to third parties that they own the PCM. *See id.* ¶ 81.  
28

1 In January of 2021, Defendants began to reduce ALS's workshare by removing ALS staff  
2 from LMSI projects. *See id.* ¶¶ 82, 83. In May of 2023, ALS complained of this via a letter invoking  
3 the dispute resolution section of the IDIQ Contract. *See id.* ¶ 85. Parsons Government responded that  
4 the IDIQ Contract did not contain a "firm commitment" that ALS would receive 30% workshare.  
5 *See id.* ¶ 86. The parties met in June of 2023 to discuss this dispute and were unable to resolve it. *See*  
6 *id.* ¶ 87. In November of 2023, Defendants informed ALS that ALS would receive no more work.  
7 *See id.* ¶ 84. Thus, Defendants have not given ALS 30% of the total workshare under the LMSI  
8 contract. *See id.*

9 ALS is capable of being certified by GSA as a small business that meets certain preferential  
10 requirements. *See id.* ¶ 90. To gain such certification, ALS needs Defendants to fill out "Past  
11 Performance Evaluation Forms," and Defendants are aware of this. *See id.* ¶¶ 91, 94. Defendants  
12 have refused to fill out the forms since the parties' dispute began, and this may prevent ALS from  
13 gaining the certification it seeks. *See id.* ¶¶ 91, 92.

#### 14 **B. Procedural History**

15 ALS filed suit in this Court on December 18, 2023. *See* Compl. ALS brings seven causes of  
16 action against Parsons Government and Parsons: (1) breach of contract; (2) anticipatory breach of  
17 contract; (3) fraudulent inducement; (4) breach of the covenant of good faith and fair dealing; (5)  
18 violation of California Business and Professions Code Section 17200 (Unfair Competition Law or  
19 "UCL"); (6) declaratory relief as to the meaning of the IDIQ Contract; and (7) preliminary injunctive  
20 relief. *See id.*

21 ALS applied for a temporary restraining order ("TRO") on January 9, 2024. *See* ECF No. 17.  
22 The TRO ALS sought would have prohibited Defendants from: (1) advertising ALS's intellectual  
23 property on Defendants' website, (2) selling ALS's intellectual property, (3) transferring ALS's  
24 intellectual property, (4) representing to any third party that Defendants own ALS's intellectual  
25 property, and (5) using ALS's intellectual property in any way. *See id.* at 2. On February 2, 2024, the  
26 Court denied ALS's application for a TRO, finding that ALS had not made the required showing of a  
27 "strong likelihood of irreparable harm." *See* ECF No. 22 ("TRO Order").  
28



1 Parsons Government and Parsons each filed Motions to Dismiss on February 8, 2024. *See*  
2 ECF No. 24; ECF No. 24-1 (“Parsons Government’s Motion” or “PG Mot.”); ECF No. 25; ECF No.  
3 25-1 (“Parsons’s Motion,” or “P. Mot.”). ALS filed oppositions to each Motion on May 2, 2024. *See*  
4 ECF No. 30 (“Opposition to Parsons’s Motion” or “P. Opp’n”); ECF No. 31 (“Opposition to Parsons  
5 Government’s Motion” or “PG Opp’n”). Parsons Government and Parsons each filed replies in  
6 support of their Motions on June 4, 2024. *See* ECF No. 32 (“PG Reply”); ECF No. 33 (“P. Reply”).

7 The Court set a hearing on this matter for August 8, 2024. *See* ECF No. 35. In advance of the  
8 hearing, the Court shared a tentative ruling with the parties via email. The parties emailed the Court  
9 in advance of the hearing indicating that they wished to submit to the tentative ruling, and then  
10 appeared briefly at the scheduled hearing to state the same.

## 11 **II. Applicable Law**

12 Federal Rule of Civil Procedure 12(b)(6) allows an attack on the pleadings for “failure to  
13 state a claim upon which relief can be granted.” Fed. R. Civ. P. 12(b)(6). “To survive a motion to  
14 dismiss, a complaint must contain sufficient factual matter, accepted as true, to ‘state a claim to  
15 relief that is plausible on its face.’” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atl.*  
16 *Corp. v. Twombly*, 550 U.S. 544, 570 (2007)). “A claim has facial plausibility when the plaintiff  
17 pleads factual content that allows the court to draw the reasonable inference that the defendant is  
18 liable for the misconduct alleged.” *Iqbal*, 556 U.S. at 678.

19 The determination of whether a complaint satisfies the plausibility standard is a “context-  
20 specific task that requires the reviewing court to draw on its judicial experience and common sense.”  
21 *Id.* at 679. Generally, a court must accept the factual allegations in the pleadings as true and view  
22 them in the light most favorable to the plaintiff. *Park v. Thompson*, 851 F.3d 910, 918 (9th Cir.  
23 2017); *Lee v. City of Los Angeles*, 250 F.3d 668, 679 (9th Cir. 2001). But a court is “not bound to  
24 accept as true a legal conclusion couched as a factual allegation.” *Iqbal*, 556 U.S. at 678 (quoting  
25 *Twombly*, 550 U.S. at 555).

26 As a general rule, leave to amend a dismissed complaint should be freely granted unless it is  
27 clear the complaint could not be saved by any amendment. Fed. R. Civ. P. 15(a); *Manzarek v. St.*  
28 *Paul Fire & Marine Ins. Co.*, 519 F.3d 1025, 1031 (9th Cir. 2008).



### 1      **III.      Discussion**

2            As discussed in further detail below, the Court finds that the Motions should be granted in  
 3 part. ALS has adequately pleaded its claims against Parsons Government and Parsons for breach of  
 4 contract (based on use of IP), fraudulent inducement, and breach of the covenant of good faith and  
 5 fair dealing, but has not adequately pleaded (or otherwise no longer intends to pursue) its claims for  
 6 breach of contract (based on failure to meet a purported guaranteed minimum 30% workshare)  
 7 anticipatory breach, violations of the UCL, declaratory relief, and injunctive relief.

#### 8            **A. ALS has sufficiently alleged that Parsons Government and Parsons are alter egos of** 9 **one another.**

10            ALS asserts that at all relevant times, “Parsons Government was the alter ego of Parsons.”  
 11 *See* Compl. ¶ 21. If Parsons Government and Parsons were in fact alter egos then Parsons might be  
 12 liable for Parsons Government’s actions and vice versa. *See S.E.C. v. Hickey*, 322 F.3d 1123, 1128  
 13 (9th Cir.), *opinion amended on denial of reh’g sub nom. Sec. & Exch. Comm’n v. Hickey*, 335 F.3d  
 14 834 (9th Cir. 2003) (“California law recognizes an alter ego relationship, such that a corporation’s  
 15 liabilities may be imposed on [another]”). The Court finds that ALS has pleaded sufficient facts to  
 16 proceed on this theory.

17            An alter ego relationship under California law requires two elements: 1) “there is such a  
 18 unity of interest and ownership that the individuality, or separateness, of the said person and  
 19 corporation has ceased, and (2) an adherence to the fiction of the separate existence of the  
 20 corporation would sanction a fraud or promote injustice.” *Id.* Courts look at several factors to  
 21 consider whether entities are alter egos of one another, including:

22            commingling of funds and other assets of the two entities, the holding out by one entity  
 23 that it is liable for the debts of the other, identical equitable ownership in the two entities,  
 24 use of the same offices and employees, and use of one as a mere shell or conduit for the  
 affairs of the other.

25            *Sonora Diamond Corp. v. Superior Ct.*, 83 Cal. App. 4th 523, 538 (2000). Court also at times  
 26 consider “inadequate capitalization, disregard of corporate formalities, [and] lack of segregation of  
 27 corporate records”. *Id.* “No one characteristic governs, but the courts must look at all the  
 28

1 circumstances to determine whether the doctrine should be applied.” *Id.* “Alter ego is an extreme  
2 remedy, sparingly used.” *Id.*

3 At the motion to dismiss stage, district courts within the Ninth Circuit often apply a “lenient  
4 standard” to allegations of alter ego liability, allowing claims to proceed on such a theory where the  
5 plaintiff has pleaded, as to the first element, facts regarding only some of the relevant factors. *See*  
6 *Parker v. Country Oaks Partners, LLC*, 2023 WL 3149330, \*3 (C.D. Cal. Mar. 22, 2023); *see also*,  
7 *e.g., Unichappell Music, Inc. v. Modrock Prod., LLC*, 2015 WL 546059, at \*4 (C.D. Cal. Feb. 10,  
8 2015). In applying this standard, courts reason that defendant corporations may control the key  
9 evidence related to alter ego liability, and thus the plaintiff should only be required to plead minimal  
10 facts prior to discovery. *See id.* However, courts nevertheless essentially all agree that “[c]onclusory  
11 allegations of ‘alter ego’ status are insufficient to state a viable claim” and “a plaintiff must allege  
12 specific facts supporting *both* of the elements of alter ego liability” to state a claim under this theory.  
13 *See Parker*, 2023 WL 3149330 at \*3 (quoting *Xyience Beverage Co., LLC v. Statewide Beverage*  
14 *Co., Inc.*, 2015 WL 13333486, at \*5 (C.D. Cal. Sept. 24, 2015)) (emphasis added); *see also Neilson*  
15 *v. Union Bank of California, N.A.*, 290 F. Supp. 2d 1101, 1117 (C.D. Cal. 2003) (finding that  
16 although the plaintiff pleaded facts sufficient for the first element, the plaintiff failed to plead facts  
17 as to the second element, and so had not adequately alleged the theory).

18 Here, ALS points to the following facts which it argues are sufficient for a finding of alter  
19 ego liability at this stage (*see* P. Opp’n at 4–6): Parsons Government is a subsidiary of Parsons. *See*  
20 Compl. ¶ 4. Parsons Government and Parsons share an office. *See id.* ¶ 21. Parsons’s<sup>6</sup> employee  
21 Waterman was designated project manager under the IDIQ contract, even though Parsons was not  
22 itself a party to the contract. *See* ECF No. 8 at 34. Waterman also made representations to ALS  
23 which played a role in inducing ALS to enter into agreements with Parsons Government. *See* Compl.  
24 ¶¶ 38–42.

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27 <sup>6</sup> The Court understands that Defendants dispute that Waterman is a Parsons employee and assert that he is  
28 instead a Parsons Government employee. *See* P. Reply at 5. At this stage, the Court is taking ALS’s allegation  
on this point as true, for the reasons discussed in a previous footnote. *See supra* n.3.

1 The Court finds that, drawing all inferences in ALS's favor, the facts pleaded are sufficient to  
2 proceed on a theory of alter ego liability. First, as to the unity of ownership element, ALS alleged  
3 that Parsons Government is a subsidiary such that there is a complete overlap in beneficial  
4 ownership and that Parsons and Parsons Government share an office. *See* Compl. ¶¶ 4, 21. The  
5 Court also notes that regardless of whether Waterman is an employee of Parsons or Parsons  
6 Government, he appears to have a Parsons email address and a Parsons Government physical  
7 address, which, drawing all inferences in ALS's favor, suggests an overlap in employees. *See* ECF  
8 No. 8 at 34. The allegations in the complaint can also be read as suggesting that Parsons Government  
9 exists as some sort of shell of Parsons for certain of Parsons's business. *See, e.g.,* Compl. ¶¶ 38–42  
10 (contracts with Parsons Government were negotiated by a Parsons employee). These allegations are  
11 sufficient as to the first element at this stage. Second, as to the second element, the allegations here  
12 suggest that Parsons employees made false representations in order to induce ALS into a contract  
13 with Parsons Government, which Parsons Government then breached. *See id.* ¶¶ 33–34. If this is  
14 true, it would be unjust to allow Parsons to shield itself from liability by asserting that it is a distinct  
15 entity from Parsons Government and it was never a party to the contract. This is sufficient as to the  
16 second element. Parsons's arguments otherwise are not persuasive. Parsons argues that there are  
17 only conclusory allegations, but does not grapple with the facts described above, or with the low  
18 pleading standard at this stage.

19 In sum, the Court will allow ALS to proceed on its alter ego theory. To be clear—this is not a  
20 definitive finding that the two entities are alter egos of each other. ALS will need to later prove this,  
21 and Defendants are free to reargue this issue later, including at the summary judgment stage or at  
22 trial. Because alter ego is “an extreme remedy, sparingly used,” ALS may have difficulty ultimately  
23 prevailing on this theory. *See Sonora Diamond*, 83 Cal. App. 4th at 538. But at this stage, ALS's  
24 allegations are sufficient.

25 Because the Court has found that ALS has adequately pleaded that Parsons Government and  
26 Parsons are alter egos of one another, the Court may “ignore the corporate entity and deem the  
27 corporation's acts to be those of the persons or organizations actually controlling the corporation.”  
28 *See id.* As applied here, this will result in the Court treating Parsons Government's alleged actions

1 and Parsons's alleged actions as if they were all taken by the same one entity, effectively lumping  
2 the two Defendants together for the purpose of analyzing the instant Motions.

3 **B. ALS has not adequately pleaded its claim for breach of contract (first cause of**  
4 **action) based on the failure to award 30% workshare.**

5 Defendants argue that ALS's claim for breach of contract cannot be based on Defendants'  
6 purported failure to assign ALS a 30% workshare, as Defendants purportedly had no obligation to  
7 assign this workshare under the IDIQ Contract. The Court finds that there was no obligation to  
8 assign ALS a 30% workshare in the IDIQ Contract.

9 A claim for breach of contract requires: "(1) a contract, (2) plaintiff's performance or excuse  
10 for nonperformance, (3) defendant's breach, and (4) damage to plaintiff." *Walsh v. W. Valley*  
11 *Mission Cmty. Coll. Dist.*, 66 Cal. App. 4th 1532, 78 Cal. Rptr. 2d 725 (1998). Here, the key  
12 question is as to the third element—whether ALS has alleged that Defendants breached the contract.  
13 This requires the Court to interpret the contract. Although ALS has literally alleged that "Defendants  
14 are in breach of the IDIQ Contract" by failing to assign ALS a 30% workshare, this is a "legal  
15 conclusion couched as a factual allegation" which the Court need not accept. *See Iqbal*, 556 U.S. at  
16 678. As the IDIQ Contract is part of the Complaint, the Court will analyze it in detail to determine  
17 whether the facts alleged constitute a breach.

18 Under California law, the "interpretation of a written contract is a matter of law for the court  
19 even though questions of fact are involved." *Southland Corp. v. Emerald Oil Co.*, 789 F.2d 1441,  
20 1443 (9th Cir. 1986). A contract should generally be interpreted "to give effect to the mutual  
21 intention of the parties as it existed at the time of contracting" so long as this is ascertainable and  
22 lawful. *See* Cal. Civ. Code § 1636. For written contracts, this intention should generally be  
23 "ascertained from the writing alone, if possible." *See* Cal. Civ. Code § 1639. Interpretation must be  
24 reasonable" and courts "should avoid an interpretation which will make a contract 'unusual,  
25 extraordinary, harsh, unjust or inequitable.'" *Southland*, 789 F.2d at 1443.

26 ALS asserts that the IDIQ Contract requires Parsons Government to award at least 30%  
27 workshare to ALS. *See* Compl. ¶ 82, PG Opp'n at 8–13. In support of this argument, ALS points to a  
28 clause stating that it is "Parsons' intent that ALS will receive a minimum of 30% of the effort

1 organically over the life of the LMSI contract.” *See* Compl. ¶ 52. Defendants argue that this clause is  
2 not binding, noting that another clause states that “[Parsons Government] is not obligated to order any  
3 amount of work nor does [Parsons Government] guarantee [ALS] any amount of work under this  
4 Subcontract.” *See* ECF No. 8 at 20. Defendants assert that they had no obligation to provide any  
5 minimum workshare to ALS. *See* PG Mot. at 5; *see also* PG Reply at 6.

6  
7 The Court finds that the IDIQ Contract does not require Parsons Government to award ALS  
8 30% of the total workshare as ALS asserts. The Court finds that this meaning is plain from the text  
9 of the IDIQ Contract—Parsons Government was “not obligated to order any amount of work” and  
10 did not “guarantee [ALS] any amount of work.” *See* ECF No. 8 at 20. These words are unambiguous  
11 and make plain that the IDIQ Contract does not require Parsons Government to award ALS a 30%  
12 workshare or any other specific amount.

13 The other portions of IDIQ Contract cited by ALS do not suggest any other meaning. As  
14 ALS notes, the IDIQ Contract also stated that “it’s Parsons’ intent that ALS will receive a minimum  
15 of 30% of the effort organically over the life of the LMSI contract.” *See* Comp. ¶ 52. This term is  
16 written in a way that would be atypical of a promise intended to be binding, in that it expresses an  
17 “intent” and does not express that a party is *obligated* to do anything. Reading it alongside the other  
18 term discussed above, the Court finds that ALS and Parsons Government did not intend at the time  
19 of contracting for this to be a binding promise that ALS would be guaranteed to receive a 30%  
20 workshare. *See* Cal. Civ. Code § 1636 (contracts should be interpreted to give effect to the mutual  
21 intention of the parties as it existed at the time of contracting); Cal. Civ. Code § 1639 (parties’  
22 intention should be ascertained from the writing alone where possible). This interpretation of the  
23 IDIQ Contract is further supported by another sentence from the same paragraph: “It is the Parties[’]  
24 intent that that the division of tasks or workshare on individual integration efforts will be determined  
25 based on each Party’s core competencies and individual requirements for each launch.” *See* ECF No.  
26 8 at 24. This supports the reading that the 30% expectation was not a firm commitment to a specific  
27 workshare, as the workshare would be dependent on details that appear to have been uncertain at the  
28 time of contracting.

1 The references to the Teaming Agreement also do not suggest otherwise. ALS notes that the  
2 IDIQ Contract states “in accordance with the agreement between the Parties as set forth in the  
3 Teaming Agreement and further agreed to herein,” immediately before the provision above  
4 regarding a 30% expected workshare, and argues (1) that the teaming agreement is incorporated by  
5 reference and (2) reading the IDIQ Contract in light of the Teaming Agreement leads to a conclusion  
6 that the IDIQ Contract contains a guaranteed minimum 30% workshare. *See* PG Opp’n at 9.  
7 Defendants dispute that the teaming agreement was incorporated at all and dispute the impact it  
8 would have it if were. *See* PG Reply at 4. The Court need not settle whether the Teaming Agreement  
9 was incorporated, as even it were, it does not support a guaranteed workshare. The Teaming  
10 Agreement states in relevant part: “It is expected that both Parties will play a material role in each  
11 MmSIC integration effort with both Parsons and ALS each performing a minimum of 30% of the  
12 effort organically over the life of the Mm SIC contract execution.” *See* ECF No. 8 at 13. Like the  
13 IDIQ Contract, this describes an *expectation*, not a *binding obligation*. Reading all of these together,  
14 the Court’s finding is that the parties did not intend to contract for a guaranteed minimum 30%  
15 workshare in the IDIQ Contract.<sup>7</sup>

16 ALS’s arguments based on the Federal Acquisition Regulations (“FAR”) also do not  
17 persuade the Court that there was any specific guaranteed minimum workshare. ALS argues that the  
18 FAR generally prohibits indefinite supply, indefinite quantity contracts between the government and  
19 contractors that do not have some minimum amount, that the regulation prohibiting this was  
20 incorporated into the IDIQ Contract, and that based on other language in the contract the regulation  
21 should be read to prohibit a contract without a specified minimum between ALS and Parsons  
22 Government here.

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23  
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25  
26 <sup>7</sup> The Court makes no finding on whether the IDIQ Contract (or the Teaming Agreement) created an  
27 obligation to give ALS some unspecified amount of work or to determine ALS’s amount of work in good  
28 faith. ALS pleaded its breach of contract claim based on Defendants’ “fail[ure] to meet the 30% workshare  
requirement,” and ALS has not argued that any other theory would support a breach of contract claim. *See*  
Compl.; *see also* PG Opp’n. The Court’s finding is only that there is no 30% workshare requirement in the  
IDIQ.



1 First, the Court finds that the FAR as a whole is incorporated into the contract. The IDIQ  
2 Contract is, per its text, to be “interpreted and enforced in accordance with the law of US Federal  
3 Contracts, and where the law of US Federal Contracts is not applicable, the law of the state of  
4 California will apply.” *See* ECF No. 8 at 42. The Ninth Circuit addressed a very similar clause and  
5 held the contract was governed by FAR. *See Sulzer Bingham Pumps, Inc. v. Lockheed Missiles &*  
6 *Space Co.*, 947 F.2d 1362, 1365 (9th Cir. 1991). In *Sulzer*, the relevant clause stated that the contract  
7 would be “governed by and construed in accordance with the law of U.S. Government contracts . . .  
8 To the extent that the law referred to in the foregoing sentence is not determinative of an issue  
9 arising out of the clauses of this subcontract [California law shall govern].” *Id.* The court considered  
10 and rejected defendant’s argument that the clause did not incorporate the FAR. *See id.* That clause is  
11 functionally identical to the clause at issue here—in both cases, the contract makes clear that federal  
12 law of contract shall govern, and California law will fill in any gaps. *See id.* Defendants attempt to  
13 argue that there is a distinction in that “not applicable” at issue here is distinct from “not  
14 determinative” in *Sulzer*, but this is a distinction without any difference. *See* Mot. at 11 n.5. *Sulzer*  
15 controls here, and therefore the clause above results in the FAR being incorporated into the IDIQ  
16 Contract and governing the interpretation of the contract.

17 The FAR does not generally allow the government to enter into an indefinite quantity  
18 contract without at least some minimum. *See* 48 C.F.R. § 16.504 (“FAR 16.504”). Where the  
19 government enters into indefinite quantity contracts, the “contract must require the Government to  
20 order and the contractor to furnish at least a stated minimum quantity of supplies or services.” *See id.*  
21 A provision of the IDIQ Contract states that in interpreting FAR provisions that are incorporated by  
22 reference or quoted in full text, “the term ‘Contractor’ means [ALS]” and “Government,” means  
23 Parsons Government. *See* ECF No. 48 at 8. ALS argues that this clause changes the meaning of FAR  
24 16.504, and that FAR 16.504 should be read here as stating that the IDIQ Contract must require  
25 Parsons Government to order and ALS to furnish at least a stated minimum quantity of supplies or  
26 services.

27 The Court is not persuaded that FAR 16.504 operates here in the way that ALS asserts it  
28 should. ALS provides no authority its argument that if the IDIQ Contract’s plain text violated FAR



1 then the Court must rewrite the contract to comply with the FAR. *Sulzer* did not address this  
 2 situation. In *Sulzer*, the Court found that the FAR as whole was incorporated, but then used this to  
 3 incorporate an additional obligation plainly stated in the FAR and apply it to one party. *See Sulzer*,  
 4 947 F.2d at 1365 (incorporating into contract an obligation to take certain steps if a “bidding mistake  
 5 is suspected,” based on the procedure outlined in FAR). Here, on the other hand, ALS seeks to use  
 6 an obligation listed in FAR (that contracts must have minimums) to impose a specific and different  
 7 obligation onto Parsons Government (that the IDIQ Contract has a minimum of 30% workshare  
 8 specifically). It is far from clear to the Court that this rewriting of the IDIQ Contract to make it  
 9 comply with FAR is appropriate, and ALS has not shown that it is. The Court finds that the parties’  
 10 intent in contracting was not to impose an obligation of 30% workshare specifically, and the Court  
 11 finds no support in FAR for a finding that the Court should impose this specific obligation.

12 The Motions are GRANTED as to breach of contract cause of action to the extent it is based  
 13 on an alleged failure to meet a purported 30% minimum workshare requirement which the Court  
 14 finds did not exist in the IDIQ. Dismissal shall be with leave to amend, as it is not clear that this  
 15 claim cannot be saved by any amendment. *See Manzarek*, 519 F.3d at 1031.

16 **C. ALS adequately pleaded its claim for breach of contract (first cause of action) based**  
 17 **on the misuse of its intellectual property.**

18 Defendants next argue that ALS has not adequately pleaded any breach of contract based on  
 19 the allegations that Defendants used ALS’s intellectual property in ways that ALS had not consented  
 20 to. The Court finds that ALS has adequately pleaded its claims.

21 First, Defendants argue that ALS has not adequately alleged any use of ALS’s intellectual  
 22 property beyond that allowed by the IDIQ Agreement. *See* PG Mot. at 11–12. The Court finds  
 23 otherwise. The IDIQ Contract stated that Parsons Government could use some intellectual property  
 24 belong to ALS “for the purpose of executing the LMSI prime contract.” *See* Compl. ¶ 60. At  
 25 minimum, ALS alleged that Defendants are offering the PCM for sale to customers unrelated to the  
 26  
 27  
 28

1 execution of the LMSI Contract. *See* Compl. ¶ 79. ALS has pleaded that its intellectual property is  
 2 being misused in ways the IDIQ contract did not authorize.<sup>8</sup>

3 Second, Defendants argue that IDIQ Contract does not actually *prohibit* using the intellectual  
 4 property as alleged. *See* PG Mot. at 12. While the IDIQ Contract only allows use of ALS intellectual  
 5 property for the purpose of executing the LMSI contract, the IDIQ Contract did not contain any  
 6 clause specifically stating that Defendants could not use ALS’s intellectual property in other ways.  
 7 *See* ECF No. 8 at 17–137. Both parties cited to *Macom Technology Solutions Holdings, Inc. v.*  
 8 *Infineon Technologies, AG*, a non-binding case which held that a licensor may sue for breach of  
 9 contract if a licensee exceeds the scope of a license in two circumstances: (1) “the agreement  
 10 contains an express negative covenant by the licensee not to act beyond the license,” or (2) “a  
 11 licensor provided the licensee with confidential technical information or know-how along with the  
 12 patent license, such that a court implies a negative covenant.” *Macom Tech. Sols. Holdings, Inc. v.*  
 13 *Infineon Techs. AG*, 2016 WL 6495373, \*22 (C.D. Cal. Oct. 31, 2016), *aff’d in relevant part*, 881  
 14 F.3d 1323 (Fed. Cir. 2018). Here, drawing all inferences in favor of ALS, ALS alleged that it  
 15 provided Defendants with technical know-how and confidential information alongside its intellectual  
 16 property. *See* Compl. ¶¶ 44 (Defendants contracted with ALS because ALS had critical know-how),  
 17 77 (ALS provided its confidential PCM knowledge to Parsons). The Court will follow the same  
 18 approach as the *Macom* court in reading the IDIQ Contract—the Court finds that in context, ALS  
 19 has adequately alleged that there is an implied negative covenant regarding use of ALS’s intellectual  
 20 property. Thus, the IDIQ Contract prohibits the alleged misuse.

21 Defendants also cite to *S.O.S., Inc. v. Payday, Inc.*, which held that a “licensee infringes the  
 22 owner’s copyright if its use exceeds the scope of its license.” *S.O.S., Inc. v. Payday, Inc.*, 886 F.2d  
 23 1081, 1087 (9th Cir. 1989). Defendants use this to suggest no suit for breach of contract can lie  
 24 where a license is exceeded. *See* PG Mot. at 13. But this is not what *S.O.S.* considered or held,  
 25 rather, *S.O.S.* considered whether a licensor could sue for copyright infringement and held that it  
 26

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27  
 28 <sup>8</sup> The Court will not parse out each specific piece of intellectual property at this stage.

1 could. *See S.O.S.*, 886 F.2d at 1087. Nothing in *S.O.S.* suggests that a licensor cannot also sue for  
2 breach of contract.

3 For these reasons, the Motions are DENIED as to breach of contract cause of action to the  
4 extent it is based on misuse of intellectual property.

5 **D. ALS concedes that it no longer intends to pursue its claim for anticipatory breach**  
6 **(second cause of action).**

7 In response to Defendants' argument that the claim was improper, ALS concedes that it does  
8 not intend to pursue its claim for anticipatory breach. *See* PG Opp'n at 5 n.1. Accordingly, the  
9 Motions are GRANTED as to the second cause of action for anticipatory breach. This claim will be  
10 dismissed without leave to amend.

11 **E. ALS adequately pleaded its claim for fraudulent inducement (third cause of action).**

12 Defendants argue that ALS's claim for fraudulent inducement is not properly pleaded. The  
13 Court finds that ALS adequately has pleaded this claim.

14 A claim for fraudulent inducement requires the following elements: "(a) misrepresentation  
15 (false representation, concealment, or nondisclosure); (b) knowledge of falsity (or 'scienter'); (c)  
16 intent to defraud, i.e. to induce reliance; (d) justifiable reliance; and (e) resulting damage." *Engalla*  
17 *v. Permanente Med. Grp., Inc.*, 938 P.2d 903, 917 (1997). Moreover, Federal Rule of Civil  
18 Procedure 9(b) states that an allegation of "fraud or mistake must state with particularity the  
19 circumstances constituting fraud." Fed. R. Civ. P. 9(b). Specifically, the "circumstances" required by  
20 Rule 9(b) are the "who, what, when, where, and how" of the fraudulent activity. *Vess v. Ciba-Geigy*  
21 *Corp. USA*, 317 F.3d 1097, 1106 (9th Cir. 2003). Here, Defendants argue ALS failed to plead a  
22 misrepresentation with requisite specificity, failed to allege scienter, and failed to allege reliance.

23 ALS has pleaded that at least one misrepresentation was made. ALS points to a December  
24 2018 email from Waterman, in which he stated that "attached is a quick summary that our pricing  
25 people are using to create the table that is required in the price volume" and wrote "30% labor  
26 workshare" next to ALS. *See* Compl. ¶ 41. Waterman went on to allegedly explain that Defendants  
27 were proposing to the U.S. Space Force that ALS would receive a 30% workshare. *See* Compl. ¶ 42.  
28

1 In sum, Waterman represented to ALS that Defendants intended to propose to the U.S. Space Force  
 2 that ALS would receive 30% workshare, which ALS could reasonably read as a promise to actually  
 3 give ALS 30% workshare. And ALS has alleged this misrepresentation with specificity, nothing who  
 4 made it (Waterman), when it was made (December 27, 2018), and how (via email). This is sufficient  
 5 for Rule 9(b).

6 ALS has also alleged scienter, in that ALS has alleged that Waterman knew the statement  
 7 was false when he made it. ALS alleges that Defendants' current position is that they were never  
 8 obligated to actually give ALS a 30% workshare, which supports a reasonable inference that when  
 9 Waterman made the statement above, he did not intend to follow through on his commitment to give  
 10 ALS a 30% workshare. *See* Compl. ¶¶ 86–90.

11 Finally, ALS has also pleaded reliance. ALS alleges that it relied on Defendants' statements  
 12 regarding 30% workshare and chose to spend man hours and pursue the LMSI contract with  
 13 Defendants. *See* Compl. ¶ 33. Although ALS does not specifically allege that it relied on statements  
 14 in entering the IDIQ contract, this is a reasonable inference to draw in ALS's favor from the facts  
 15 alleged.

16 Thus, the Motions are DENIED as to the third cause of action for fraudulent inducement.

17 **F. ALS adequately pleaded its claim for breach of the covenant of good faith and fair**  
 18 **dealing (fourth cause of action).**

19 Defendants argue that ALS's claim for breach of the covenant of good faith and fair dealing  
 20 fails and discussed three different possible theories. *See* PG Mot. at 14–15. ALS concedes that two  
 21 of the theories are improper but argues that one theory is a validly pleaded basis for a claim: that  
 22 Defendants allegedly refused to fill out Past Performance Evaluation Forms. *See* PG Opp'n at 19.  
 23 The Court finds that the claim is adequately pleaded based upon this theory.<sup>9</sup>

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 27 <sup>9</sup> The Court understands that ALS abandoned some other theories because ALS sought to argue that these  
 28 theories amounted to breach of contract, and ALS conceded that this claim could not be based on the same  
 facts as the breach of contract claim. *See* PG Opp'n at 19. Should ALS wish to amend this claim based on the  
 Court's guidance as to the breach of contract issues, ALS is granted leave to do so.

1 A claim for a breach of the covenant of good faith and faith “rests upon the existence of some  
 2 specific contractual obligation.” *Racine & Laramie, Ltd. v. Dep’t of Parks & Recreation*, 11 Cal.  
 3 App. 4th 1026, 1031 (1992). “The covenant of good faith is read into contracts in order to protect the  
 4 express covenants or promises of the contract.” *Id.* “In essence, the covenant is implied as a  
 5 supplement to the express contractual covenants, to prevent a contracting party from engaging in  
 6 conduct which (while not technically transgressing the express covenants) frustrates the other party’s  
 7 rights to the benefits of the contract.” *Id.* In analyzing whether a purported breach of this duty is  
 8 actually a breach, courts examine whether some express term of the contract would be frustrated by  
 9 the alleged conduct.

10 Here, Defendants argue that there is no specific contractual term that was frustrated by  
 11 Defendants’ alleged failure to fill out Past Performance Evaluation Forms. But, as ALS notes, there  
 12 is a FAR provision that requires that these Past Performance Evaluation Forms “be prepared at least  
 13 annually and at the time the work under a contract or order is completed.” *See* 48 C.F.R. § 42.1502.  
 14 As discussed above, the Court found the entire FAR incorporated by reference into the contract.  
 15 Defendants’ only response to this argument is that this provision was not incorporated in, but  
 16 Defendants do not attempt to argue that if incorporated, it would not result in an obligation to fill out  
 17 the Past Performance Evaluation Forms. Accordingly, the Court finds that Defendants had such an  
 18 obligation and that the alleged unjustified delay in doing so can be construed as a breach of the  
 19 covenant of good faith and fair dealing. The Motions are therefore DENIED as to this cause of  
 20 action.

21 **G. ALS has not adequately pleaded its UCL claim (fifth cause of action).**

22 Defendants raise several arguments as to why the UCL claim should fail. Among others,  
 23 Defendants argue that ALS lacks standing to bring its UCL claim as ALS has not alleged that it  
 24 suffered damages from the conduct that forms the basis for this claim. *See* PG Mot. at 18. ALS failed  
 25 to address this argument, and the Court finds that ALS’s claims fall short.

26 “To have standing under California’s UCL, [in its current form], plaintiffs must establish that  
 27 they (1) suffered an injury in fact and (2) lost money or property as a result of the unfair  
 28 competition.” *Birdsong v. Apple, Inc.*, 590 F.3d 955, 959 (9th Cir. 2009). ALS pointed to alleged

conduct in arguing that this claim should survive, but none of this conduct is alleged to have caused any actual injury. ALS notes that Defendants are allegedly selling ALS's products on their website, but ALS does not allege that it lost any sales or has suffered any diminution of goodwill. *See* Compl. ¶¶ 79–81. ALS has not attempted to argue that it has such standing, and the Court finds ALS does not have standing for a UCL claim based on the allegations as pleaded.

The Motions are therefore GRANTED as to this cause of action. The UCL claim will be dismissed. Because amendment potentially could cure this issue, dismissal will be with leave to amend. *See Manzarek*, 519 F.3d at 1031.

**H. ALS has not adequately pleaded its declaratory relief claim (sixth cause of action).**

ALS seeks a judicial determination that the IDIQ Contract contains a 30% minimum guaranteed workshare. In light of the Court's finding that the IDIQ Contract does not contain a 30% minimum guaranteed workshare, this claim fails.<sup>10</sup> For a court to consider a claim for declaratory relief there must be an "actual controversy" between the parties. *See Chesebrough-Pond's, Inc. v. Faberge, Inc.*, 666 F.2d 393 (9th Cir. 1982). There is no longer any active controversy between the parties in light of the Court's ruling. To the extent that there was a dispute as to the specific form of relief that ALS sought in the Complaint as pleaded, that dispute is now resolved. Thus, the Motions are GRANTED as to the claim for declaratory relief. This will be with leave to amend, as ALS may seek to amend and pursue declaratory relief on some reframed issue regarding the meaning of the contract. *See Manzarek*, 519 F.3d at 1031.

**I. ALS appears to have abandoned its claim for injunctive relief (seventh cause of action).**

Defendants argue that the cause of action for injunctive relief is improper and should be dismissed. *See* PG Mot. at 20. ALS did not respond to this argument at all. The Court therefore understands that ALS has abandoned this claim. The Motions are GRANTED as to the claim for injunctive relief. This cause of action shall be dismissed without leave to amend.

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<sup>10</sup> The Court need not reach the arguments as to whether it is proper to bring this as a "standalone claim." *See* PG Mot. at 19.

1 **IV. Conclusion**

2 For the reasons stated herein, the Court ORDERS as follows:

3 1. The two Motions to Dismiss (ECF No. 24, 25) are GRANTED IN PART.

4 a. The following claims are DISMISSED WITH LEAVE TO AMEND:

5 i. ALS's breach of contract claim (first cause of action) against Parsons and  
6 Parsons Government to the extent it is based on a failure to meet a  
7 purported 30% minimum workshare requirement;

8 ii. ALS's UCL claims (fifth cause of action) against Parsons and Parsons  
9 Government; and

10 iii. ALS's claim for declaratory relief (sixth cause of action).

11 b. The following claims are DISMISSED WITHOUT LEAVE TO AMEND:

12 i. ALS's claim for anticipatory breach (second cause of action) against  
13 Parsons and Parsons Government; and

14 ii. ALS's claim for injunctive relief (seventh cause of action) against Parsons  
15 and Parsons Government.

16 c. ALS's other claims against Parsons and Parsons Government may proceed.

17 2. ALS is granted leave to file an amended complaint within thirty (30) days of this Order.

18  
19  
20 Dated: August 9, 2024



21 MAAME EWUSI-MENSAH FRIMPONG

22 United States District Judge  
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